

Message Text

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ORIGIN STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AF-10 ARA-10 EA-10
EUR-12 NEA-11 AGRE-00 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15 ITC-01
TRSE-00 SP-02 SOE-02 OMB-01 DOE-15 NSCE-00 SSO-00
ICAE-00 INRE-00 /151 R

DRAFTED BY STR:JSTARKEY:JT 395-6127 5/9/78
APPROVED BY STR:JSTARKEY
USDA;TOYLOE
COMMERCE:LHOLEC(SUBS)
STATE:DPATTERSON
TREASURY:WWARTHIN(SUBS)
-----055214 100017Z /21
O 092332Z MAY 78
FM SECSTATE WASHDC
TO USMISSION GENEVA IMMEDIATE

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USMTN

E.O. 11652: N/A

TAGS: ETRD,EAGR,MTN

SUBJECT: U.S. POSITION ON DAIRY FOR NEW ZEALAND BILATERALS
WEEK OF MAY 8

REF: A) GENEVA 5672, B) GENEVA 6459

1.U.S. DEL SHOULD HANDLE BILATERALS WITH NEW ZEALAND
ALONG LINES OF THE STARKE/FARNON DISCUSSIONS MAY 4.
(KOENIG AND SWAIN WERE PRESENT FROM MTN DEL). YOU
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SHOULD INFORM NEW ZEALAND DEL THAT WE ARE LOOKING FORWARD
TO DISCUSSING THE NEW ZEALAND DAIRY REQUESTS IN DETAIL
AND ARE ANXIOUS TO SEE NEW ZEALAND'S ADDITIONAL OFFERS
(REF A). ALTHOUGH WE ARE UNABLE FOR LOGISTICAL REASONS
TO SEND A HIGH-LEVEL TEAM TO GENEVA (REF B) TO MEET
WITH NEW ZEALAND TEAM HEADED BY WOODFIELD, WE ARE PRE-
PARED TO DISCUSS THESE ISSUES ON MONDAY MAY5 WHEN

WOODFIELD IS SCHEDULED TO BE IN WASHINGTON. (SUGGEST THAT SINCE KOENIG IS PLANNING TO BE IN WASHINGTON AT THIS TIME THAT HE ALSO PLAN TO ATTEND IF POSSIBLE.)

2. THE U. S. HAS ALREADY MADE SIGNIFICANT OFFERS ON BEEF, DAIRY PRODUCTS, WOOL AND LAMB, AS WELL AS ON INDUSTRIAL PRODUCTS. WE WOULD FIND IT DIFFICULT TO IMPROVE ON OUR OFFER AT THIS TIME, PARTICULARLY IN LIGHT OF DISAPPOINTING INITIAL NEW ZEALAND OFFER. WE UNDERSTAND THAT NEW ZEALAND IS CONSIDERING ADDITIONAL OFFERS, AND WE WILL BE PREPARED TO RE-EVALUATE OUR OFFER IN THIS LIGHT. SPECIFICALLY, WITH REGARD TO DAIRY, AS STARKEY INDICATED TO FARNON, DUE TO THE EXTREME SENSITIVITY OF THIS SECTOR IN THE U. S. IT WILL UNDOUBTEDLY BE ONE OF THE LAST SECTORS TO FALL INTO PLACE IN THE MTN. THE EXTENT TO WHICH THE US WILL BE ABLE TO MAKE ADDITIONAL OFFERS IN THIS SECTOR WILL DEPEND ON SATISFACTORY PROGRESS IN A NUMBER OF MTN AREAS, OUR ASSESSMENT OF THE VALUE FOR US OF THE AGRICULTURAL PACKAGE, AND RECIPROCITY FROM NZ SPECIFICALLY.

3. RESOLVING THE PROBLEM OF AGRICULTURAL EXPORT SUBSIDIES ALSO BEARS HEAVILY ON PROGRESS IN THE DAIRY SECTOR. PRESSURES ON THE U.S. FROM NON-SUBSIDIZING DAIRY EXPORTING COUNTRIES ARE IMPORTANTLY LINKED TO SUBSIDIZED COMPETITION THOSE COUNTRIES FACE ELSEWHERE. LIMITED OFFICIAL USE

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RECENT DISCUSSIONS WITH THE EC AND OTHER COUNTRIES HAVE FOCUSED ON CHEESE SUBSIDIES COUNTERVAILING DUTIES. BUT THIS ISSUE CANNOT BE RESOLVED IN ISOLATION FROM OTHER COMMODITY SUBSIDY ISSUES AND AN OVERALL CODE-TYPE SOLUTION TO AGRICULTURAL SUBSIDIES. VANCE

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